



CITY OF ENCINITAS CITY COUNCIL AGENDA REPORT

Meeting Date: October 23, 2013

TO: City Council

VIA: Gus Vina, City Manager *G.V.*
Tim Nash, Finance Director/City Treasurer *TN*

FROM: Jay Lembach, Investment Officer *JL*

SUBJECT: City Treasurer's investment report for the fiscal year ended June 30, 2013

BACKGROUND:

Under the provisions of the City's adopted *Investment Policy* (City Admin Policy F019) the City Treasurer reports on the status of investments to the Legislative Body on a quarterly basis. These reports currently take the form of a memo to all City Councilmembers quarterly. After the end of each fiscal year, the Annual Investment Report is submitted to the City Council at a Public Meeting. The Annual Report, including all attachments and detailed schedules, is then posted to the City's WebSite under the Finance Department. Details or reports on investment activity during the fiscal year may be obtained by contacting the Investment Officer or Finance Director/City Treasurer.

In order to separate the status and performance of City investments from the discussion of financial markets and factors affecting municipal investments in general, the Agenda Report focuses on City investments and **Attachment C** is provided as a commentary on general investment matters.

ANALYSIS:

City Pooled Investment Fund

The City's pooled investment fund (the "Pool") had an average investable balance of \$88 million for the fiscal year. Monies in the Pool represent excess funds that are being held for various purposes such as working capital, capital projects or established reserves. The balance fluctuates during the year, primarily because of the timing of the receipt of property tax revenues, the City's largest revenue source.

The City invests in a variety of different investment vehicles, both as to type and final maturity date. Examples include U.S. Treasury and U.S. Government Agency bonds, investment pools such as the California Local Agency Investment Fund (LAIF) and the California Asset Management Program (CAMP), money market funds, and certificates of deposit. A full and detailed list of allowable investment types is included in the City's adopted *Investment Policy* (Section VIII.) The allocation of assets to different groups and maturities is referred to as diversification. This practice allows for the maintenance of adequate liquidity (the ability to pay all demands as they come due) and also lowers the Pool's overall risk profile (don't put "all your eggs in one basket.")

Last printed 10/16/2013 8:41:00 AM

The conditions in the financial markets in which our Agency operates have changed dramatically since the 2008 financial crisis. Specifically, returns on available (suitable and safe) investments have declined from about 5.00% to less than 0.50% (a decline in excess of 90%). During the same time period, the risks of loss of principal or decline in market value due to interest rate changes (interest rate risk) have increased significantly. Overall, the exercise of municipal money management has become much more challenging, particularly explaining why an Agency's excess resources are earning little or no interest income.

Portfolio Performance – the City's portfolio earned a return of 0.45% for the fiscal year, or **\$395,482**. This is slightly lower than the budget assumption of 0.50%, but well in excess of the City's performance benchmark (the one-year Treasury bill) which averaged about 0.15%. From the above amount, charges are deducted from each participating fund to reimburse the General Fund for the cost(s) of providing investment and general banking services.

Investment of Bond Proceeds

The majority of the City's bond proceeds, for both governmental and enterprise fund debt, are invested in money market mutual funds, which currently earn (virtually) no interest income. This is because there are very restrictive covenants in the bond documents which limit the City's choices as to investment vehicles. The funds must remain relatively liquid under the covenants, in case they are needed to pay debt service. The City has one remaining Guaranteed Investment Contract (GIC) on the 1997 Civic Center bonds, which pays close to 6.00% interest. All other GIC's were cancelled or nullified during the 2008 financial crisis, and no new sources have yet become available. Money market funds are the only other viable choice under the current circumstances.

One thing of note in the latest report is the segregation by category of Encinitas Public Financing Authority (EPFA) debt, other City governmental-type debt, and Enterprise fund debt (San Dieguito Water District.)

These accounts are with an independent third-party trustee, and the amounts are relatively stable during the fiscal year and over time. This factor, combined with the minimal levels of activity, is the basis for the judgment that these accounts should be reported on an annual, rather than quarterly, basis.

FISCAL AND STAFF IMPACTS:

Although investment earnings do positively impact fund balances, the level of contribution has declined significantly over the past five years. Adopted (and reasonably foreseen) U.S. Government monetary and fiscal policies indicate that the level of investment earnings for cities will remain extremely low for (at least) several more years to come.

RECOMMENDATION:

This is an information item only; no action is required.

ATTACHMENTS:

Attachment A	Summary and Detailed Investment Reports (City Pooled Investment Fund)
Attachment B	Summary of the Investment of Bond Proceeds
Attachment C	Investment Officer's Investment Commentary

Last printed 10/16/2013 8:41:00 AM

Attachment A



**City of Encinitas - YTD Report
Portfolio Management
Portfolio Summary
June 30, 2013**

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

Investments	Par Value	Market Value	Book Value	% of Portfolio	YTM	Term	Days to Maturity
Local Agency Investment Funds	24,384,371.17	24,384,371.17	24,384,371.17	26.25	0.250	1	1
Managed Pool Accounts	10,035,430.60	10,035,430.60	10,035,430.60	10.80	0.100	1	1
Money Market Funds	243,431.57	243,431.57	243,431.57	0.26	0.010	1	1
Certificates of Deposit - Bank	1,488,000.00	1,483,074.72	1,488,000.00	1.60	1.092	1,309	1,116
Federal Agency Coupon Securities	38,000,000.00	38,825,810.27	38,846,914.44	41.82	0.445	914	627
Federal Agency Callable Securities	16,900,000.00	16,848,493.89	16,903,387.28	18.20	0.820	1,383	1,049
Corporate Medium Term Notes	1,000,000.00	1,003,560.00	993,002.40	1.07	1.421	1,266	771
Investments	92,051,233.34	92,824,172.22	92,894,537.46	100.00%	0.444	669	480
 Cash							
Passbook/Checking (not included in yield calculations)	2,194,835.23	2,194,835.23	2,194,835.23	0.000	1	1	1
Total Cash and Investments	94,246,068.57	95,019,007.45	95,089,372.69	0.444	669	480	
 Total Earnings	 June 30 Period Ending				 Fiscal Year Ending		
Current Year	395,481.83				395,481.83		
Average Daily Balance	88,067,496.73						
Effective Rate of Return	0.45%						

I certify the accuracy of the attached report on the City of Encinitas' Pooled Investment Fund. All funds for which the City has oversight responsibility are reflected in this report. All investments are in compliance with the City's adopted Investment Policy., which is available through the City Clerk's office. The City's Investment Program provides sufficient liquidity to meet the next six (6) months expenditure requirements. The source of the market values of investments owned is Union Bank of California Custody Services.

10/14/2013

Jay L. Leppach, Investment Officer

Reporting period 07/01/2012-06/30/2013
Data Updated: SET ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20
Portfolio ENCI
AC
PM (PRF_PN1) 7.3.0
Report Ver. 7.3.3b

No fiscal year history available

10/23/2013

Item #8D

Page 3

City of Encinitas - YTD Report
Portfolio Management
Portfolio Details - Investments
June 30, 2013

Page 1

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	S&P Moody's	Maturity Date
Local Agency Investment Funds											
SYS1012	1012	CA Local Agency Investment Fund			24,384,371.17	24,384,371.17	24,384,371.17	0.250	0.250		
		Subtotal and Average	20,510,516.08		24,384,371.17	24,384,371.17	24,384,371.17			0.250	
Managed Pool Accounts											
SYS1003	1003	CA Asset Management Program			10,035,430.60	10,035,430.60	10,035,430.60	0.100	0.100	AAA	
		Subtotal and Average	10,028,107.34		10,035,430.60	10,035,430.60	10,035,430.60			0.100	
Money Market Funds											
SYS1004	1004	Union Bank Custody Acct.			243,431.57	243,431.57	243,431.57	0.010	0.010		
		Subtotal and Average	5,871,668.74		243,431.57	243,431.57	243,431.57			0.010	
Certificates of Deposit - Bank											
05668P3A3	1450	BMW Bank North America	04/12/2013		248,000.00	246,844.32	248,000.00	0.650	0.650		10/13/2015
38143AP25	1435	Goldman Sachs Bank, USA	10/24/2012		248,000.00	248,106.64	248,000.00	1.050	1.050		10/26/2015
02005QV34	1449	Ally Bank	04/10/2013		248,000.00	244,790.88	248,000.00	0.650	0.650		04/11/2016
795450P22	1437	Sallie Mae Bank/Murray	10/24/2012		248,000.00	248,101.68	248,000.00	1.350	1.350		10/24/2016
36160XY43	1439	GE Capital Bank	10/26/2012		248,000.00	247,208.88	248,000.00	1.350	1.350		10/26/2016
02587DLV8	1438	American Express Centurion	10/22/2012		248,000.00	248,022.32	248,000.00	1.500	1.500		10/25/2017
		Subtotal and Average	787,484.93		1,488,000.00	1,483,074.72	1,488,000.00			1.092	
Federal Agency Coupon Securities											
3134G3B76	1422	Federal Home Loan Mortgage	03/30/2012		5,000,000.00	5,006,541.80	5,020,650.00	0.625	0.350	AA+	Aaa 12/23/2013
3133XWE70	1428	Federal Home Loan Bank	06/27/2012		2,000,000.00	2,043,160.00	2,040,284.31	2,500	0.370	AA+	Aaa 06/13/2014
3133XUPG22	1445	Federal Home Loan Bank	12/27/2012		2,000,000.00	2,060,820.00	2,060,092.31	2,875	0.255	AA+	Aaa 08/25/2014
31398AeG5	1426	Federal Nat'l Mortgage Assoc.	03/30/2012		5,000,000.00	5,063,600.00	5,080,062.07	1,500	0.480	AA+	Aaa 09/08/2014
3135G0DW0	1441	Federal Nat'l Mortgage Assoc.	12/27/2012		2,000,000.00	2,008,500.00	2,009,406.61	0.625	0.270	AA+	Aaa 10/30/2014
3133X9DC1	1423	Federal Home Loan Bank	03/30/2012		2,000,000.00	2,115,540.00	2,107,256.75	4,500	0.550	AA+	Aaa 11/14/2014
31331SPQ0	1430	Federal Farm Credit	06/27/2012		2,000,000.00	2,128,980.00	2,126,872.08	4,375	0.450	AA+	Aaa 02/17/2015
3133XWX95	1427	Federal Home Loan Bank	06/27/2012		2,000,000.00	2,081,380.00	2,076,575.25	2,750	0.480	AA+	Aaa 03/13/2015
3135G0LN1	1444	Federal Nat'l Mortgage Assoc.	12/27/2012		2,000,000.00	2,002,660.00	2,005,178.45	0.500	0.370	AA+	Aaa 07/02/2015
3134G3Z1	1448	Federal Home Loan Mortgage	03/28/2013		2,000,000.00	2,002,133.33	2,007,227.95	0.500	0.351	AA+	Aaa 08/28/2015
313370B5	1442	Federal Home Loan Bank	12/27/2012		2,000,000.00	2,055,120.00	2,058,187.47	1,750	0.415	AA+	Aaa 09/11/2015
313371NW2	1429	Federal Home Loan Bank	06/27/2012		2,000,000.00	2,039,500.00	2,037,435.37	1,375	0.600	AA+	Aaa 12/11/2015
3134A4ZT4	1440	Federal Home Loan Mortgage	12/27/2012		2,000,000.00	2,209,820.00	2,219,182.08	4,750	0.420	AA+	Aaa 01/19/2016
3133ECGT5	1447	Federal Farm Credit	03/28/2013		2,000,000.00	1,985,915.00	2,000,286.79	0.410	0.416	AA+	Aaa 03/01/2016

Data Updated: SET ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCI

AC

PM (PRF_PM2) 7.3.0

10/23/2013

Item #8D

Page 4

Report Ver. 7.3.3b

City of Encinitas - YTD Report
Portfolio Management
Portfolio Details - Investments
June 30, 2013

Page 2

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	S&P Moody's	Maturity Date
Federal Agency Coupon Securities											
3137EADQ9	1446	Federal Home Loan Mortgage	03/28/2013	2,000,000.00	1,987,400.00	2,004,494.93	0.500	0.421	AA+	Aaa	05/13/2016
3135G0ES8	1453	Federal Nat'l Mortgage Assoc.	06/26/2013	2,000,000.00	2,030,631.94	2,027,830.22	1.375	1.002	AA+	Aaa	11/15/2016
	Subtotal and Average	27,525,629.00		38,000,000.00	38,825,810.27	38,846,914.44		0.445			
Federal Agency Callable Securities											
3134G3EN6	1418	Federal Home Loan Mortgage	12/30/2011	5,000,000.00	5,019,000.00	5,000,000.00	1,000	1,000	AA+	Aaa	06/30/2015
3135G0FS4	1443	Federal Nat'l Mortgage Assoc.	12/27/2012	2,000,000.00	1,994,440.00	2,003,448.98	0.500	0.426	AA+	Aaa	11/06/2015
3135G0VR1	1452	Federal Nat'l Mortgage Assoc.	06/06/2013	2,000,000.00	1,991,828.89	1,989,938.30	0.500	0.536	AA+	Aaa	03/28/2016
313383FB2	1451	Federal Home Loan Bank	06/19/2013	2,900,000.00	2,861,575.00	2,900,000.00	0.580	0.580	AA+	Aaa	12/19/2016
3136FTQ36	1419	Federal Nat'l Mortgage Assoc.	02/28/2012	5,000,000.00	4,981,650.00	5,000,000.00	1,050	1,050	AA+	Aaa	02/28/2017
	Subtotal and Average	18,178,727.32		16,900,000.00	16,848,493.89	16,903,387.28		0.820			
Variable Rate Agency Cpn Securities											
	Subtotal and Average		1,424,833.05								
Corporate Medium Term Notes											
36962G4N1	1421	General Electric Capital Corp	02/22/2012	1,000,000.00	1,003,560.00	993,002.40	1.042	1.421	AA+	Aaa	08/11/2015
	Subtotal and Average	991,345.15		1,000,000.00	1,003,560.00	993,002.40		1.421			
	Total and Average	88,067,498.74		92,051,233.34	92,824,172.22	92,894,537.46		0.444			

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCI
AC
PM (PRF_FM2) 7.3.0

10/23/2013

Item #8D

Page 5

City of Encinitas - YTD Report
Portfolio Management
Portfolio Details - Cash
June 30, 2013

Page 3

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	S&P Moody's
Passbook/Checking Accounts										
SYS1011	1011	Scripps Bank/US Bank		07/01/2012	0.00	0.00	0.00		0.000	
SYS1010	1010	Union Bank Checking Acct.			2,194,835.23	2,194,835.23	2,194,835.23		0.000	
		Average Balance	0.00							
		Total Cash and Investments	88,067,496.73		94,246,068.57	95,019,007.45	95,089,372.69		0.444	

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCL
AC
PM (PRF_PM2) 7.3.0

10/23/2013

Item #8D

Page 6



City of Encinitas - YTD Report
Investments by Issuer
Active Investments
Sorted by Fund
June 30, 2013

CITY OF ENCINITAS
 505 S. VULCAN
 ENCINITAS, ENCINITAS, CA 9
 (760)633-2641

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM .365	Redemption Date	Days To Maturity	Call Date	Collateral
Ally Bank												
02005QV34	1449	Certificates of Deposit - Bank	Amort	248,000.00	0.650	244,790.88	06/30/2013	0.650	04/11/2016	1,015		
			Subtotal and Average	248,000.00		244,790.88		0.650				1,015
American Express Centurion												
02587DLV8	1438	Certificates of Deposit - Bank	Fair	248,000.00	1.500	248,022.32	06/30/2013	1.500	10/25/2017	1,577		
			Subtotal and Average	248,000.00		248,022.32		1.500				1,577
BMW Bank North America												
055668P3A3	1450	Certificates of Deposit - Bank	Amort	248,000.00	0.650	246,844.32	06/30/2013	0.650	10/13/2015	834		
			Subtotal and Average	248,000.00		246,844.32		0.650				834
CA Asset Management Program												
SY1003	1003	Managed Pool Accounts	Amort	10,035,430.60	0.100	10,035,430.60	06/30/2013	0.100				
			Subtotal and Average	10,035,430.60		10,035,430.60		0.100				1
Federal Farm Credit												
31331SPQ0	1430	Federal Agency Coupon Securities	Fair	2,128,872.08	4.375	2,128,980.00	06/30/2013	0.450	02/17/2015	596		
3133ECGT5	1447	Federal Agency Coupon Securities	Fair	2,000,286.79	0.410	1,985,915.00	06/30/2013	0.416	03/01/2016	974		
			Subtotal and Average	4,127,158.87		4,114,895.00		0.434				779
Federal Home Loan Bank												
3133X9DC1	1423	Federal Agency Coupon Securities	Fair	2,107,256.75	4.500	2,115,540.00	06/30/2013	0.550	11/14/2014	501		
3133XW95	1427	Federal Agency Coupon Securities	Fair	2,076,575.25	2.750	2,081,380.00	06/30/2013	0.480	03/13/2015	620		
3133XWE70	1428	Federal Agency Coupon Securities	Fair	2,040,284.31	2.500	2,043,160.00	06/30/2013	0.370	06/13/2014	347		
31337NW2	1429	Federal Agency Coupon Securities	Fair	2,037,435.37	1.375	2,039,500.00	06/30/2013	0.600	12/11/2015	893		
31337JBS5	1442	Federal Agency Coupon Securities	Fair	2,058,187.47	1.750	2,055,120.00	06/30/2013	0.415	09/11/2015	802		
3133XUPG2	1445	Federal Agency Coupon Securities	Fair	2,060,092.31	2.875	2,060,820.00	06/30/2013	0.255	08/25/2014	420		
313383FB2	1451	Federal Agency Callable Securities	Fair	2,900,000.00	0.580	2,861,575.00	06/30/2013	0.580	12/19/2016	1,267	06/19/2015	
			Subtotal and Average	15,279,831.46		15,257,095.00		0.471				723

Data Updated: SET_ANNU_08/13/2013 16:19
 Run Date: 08/13/2013 - 16:20

Portfolio ENCL
 AC
 DI (PRF_D) 7.1.1
 Report Ver. 7.3.0

City of Encinitas - YTD Report
Investments by Issuer
Sorted by Fund

Page 2

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Days To Maturity	Call Date	Collateral
Federal Home Loan Mortgage												
3134G3BF6	1422	Federal Agency Coupon Securities	Fair	5,006,541.80	0.625	5,010,850.00	06/30/2013	0.350	12/23/2013	175		
3134AA4ZT4	1440	Federal Agency Coupon Securities	Fair	2,219,182.08	4.750	2,208,820.00	06/30/2013	0.420	01/19/2016	932		
3137EADQ9	1446	Federal Agency Coupon Securities	Fair	2,004,494.93	0.500	1,987,400.00	06/30/2013	0.421	05/13/2016	1,047		
3134G3ZA1	1448	Federal Agency Coupon Securities	Fair	2,007,227.95	0.500	2,002,133.33	06/30/2013	0.351	08/28/2015	788		
3134G3EN6	1418	Federal Agency Callable Securities	Fair	5,000,000.00	1.000	5,019,000.00	06/30/2013	1.000	06/30/2015	729	12/30/2013	
		Subtotal and Average		16,237,446.76		16,229,003.33		0.569			632	
Federal Nat'l Mortgage Assoc.												
3139BA3G5	1426	Federal Agency Coupon Securities	Fair	5,060,062.07	1.500	5,063,600.00	06/30/2013	0.480	09/08/2014	434		
3135GDWD0	1441	Federal Agency Coupon Securities	Fair	2,009,406.61	0.625	2,008,500.00	06/30/2013	0.270	10/30/2014	486		
3135GULN1	1444	Federal Agency Coupon Securities	Fair	2,005,178.45	0.500	2,002,650.00	06/30/2013	0.370	07/02/2015	731		
3135GUES8	1453	Federal Agency Coupon Securities	Fair	2,027,830.22	1.375	2,030,631.94	06/30/2013	1.002	11/15/2016	1,233		
3136FTQ36	1419	Federal Agency Callable Securities	Fair	5,000,000.00	1.050	4,981,650.00	06/30/2013	1.050	02/28/2017	1,338	02/28/2014	
3135GURS4	1443	Federal Agency Callable Securities	Fair	2,003,448.98	0.500	1,994,440.00	06/30/2013	0.426	11/06/2015	858	11/06/2014	
3135GUVR1	1452	Federal Agency Callable Securities	Fair	1,999,938.30	0.500	1,991,828.89	06/30/2013	0.536	03/28/2016	1,001	03/28/2014	
		Subtotal and Average		20,105,864.63		20,073,310.83		0.643			872	
GE Capital Bank												
36160XY43	1439	Certificates of Deposit - Bank	Fair	248,000.00	1.350	247,208.88	06/30/2013	1.350	10/26/2016	1,213		
		Subtotal and Average		248,000.00		247,208.88		1.350		1,213		
General Electric Capital Corp												
36962G4N1	1421	Corporate Medium Term Notes	Fair	993,002.40	1.042	1,003,560.00	06/30/2013	1.421	08/11/2015	771		
		Subtotal and Average		993,002.40		1,003,560.00		1.421		771		
Goldman Sachs Bank, USA												
38143AP25	1435	Certificates of Deposit - Bank	Fair	248,000.00	1.050	248,106.64	06/30/2013	1.050	10/26/2015	847		
		Subtotal and Average		248,000.00		248,106.64		1.050		847		
CA Local Agency Investment Fund												
SY/S1012	1012	Local Agency Investment Funds	Amort	24,384,371.17	0.250	24,384,371.17	06/30/2013	0.250		1		
		Subtotal and Average		24,384,371.17		24,384,371.17		0.250		1		
Scripps BankUS Bank												
SY/S1011	1011	Passbook/Checking Accounts	Amort	0.00		0.00	06/30/2013			1		

Data Updated: SET ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCL
AC
DI (PRF-D) 7.1.1
Report Ver. 7.3.0

10/23/2013

Item #8D

Page 8

**City of Encinitas - YTD Report
Investments by Issuer
Sorted by Fund**

Page 3

CUSIP	Investment #	Security Type	Investment Class	Current Book Value	Market Value	YTM 365	Redemption Date	Days To Maturity	Call Date	Collateral
Sallie Mae Bank/Murray										
795450P22	1437	Certificates of Deposit - Bank	Fair	248,000.00	248,101.68	0.350	06/30/2013	1,350	10/24/2016	1,211
			Subtotal and Average	248,000.00	248,101.68			1,350		1,211
Union Bank Checking Acct.										
SYS1010	1010	Passbook/Checking Accounts	Amort	2,194,835.23	2,194,835.23		06/30/2013			
			Subtotal and Average	2,194,835.23	2,194,835.23					1
Union Bank Custody Acct.										
SYS1004	1004	Money Market Funds	Amort	243,431.57	243,431.57	0.010	06/30/2013	0.010		
			Subtotal and Average	243,431.57	243,431.57			0.010		1
			Total and Average	95,089,372.69	95,019,007.45			0.434		468



**City of Encinitas - YTD Report
Activity Report
Sorted By Issuer
July 1, 2012 - June 30, 2013**

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value	Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Par Value	Ending Balance
Issuer: Ally Bank											
Certificates of Deposit - Bank											
02005QV34	1449	Ally Bank			0.650	04/10/2013		248,000.00		0.00	
		Subtotal and Balance			0.00			248,000.00		0.00	248,000.00
		Issuer Subtotal	0.263%	0.00				248,000.00		0.00	248,000.00
Issuer: American Express Centurion											
Certificates of Deposit - Bank											
02587DLV8	1438	American Express Centurion			1.500	10/25/2012		248,000.00		0.00	
		Subtotal and Balance			0.00			248,000.00		0.00	248,000.00
		Issuer Subtotal	0.263%	0.00				248,000.00		0.00	248,000.00
Issuer: BMW Bank North America											
Certificates of Deposit - Bank											
05668P3A3	1450	BMW Bank North America			0.650	04/12/2013		248,000.00		0.00	
		Subtotal and Balance			0.00			248,000.00		0.00	248,000.00
		Issuer Subtotal	0.263%	0.00				248,000.00		0.00	248,000.00
Issuer: CA Asset Management Program											
Managed Pool Accounts											
SYS1003	1003	CA Asset Management Program			0.100			18,718.39		0.00	
		Subtotal and Balance			10,016.712.21			18,718.39		0.00	10,035,430.60
		Issuer Subtotal	10.648%	10,016.712.21				18,718.39		0.00	10,035,430.60
Issuer: Federal Farm Credit											
Federal Agency Coupon Securities											
3133CGT5	1447	Federal Farm Credit			0.410	03/28/2013		2,000,000.00		0.00	

Data Updated: SET_ANNUAL 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCL
AC
DA (PRF-DA) 7.2.0
Report Ver. 7.3.3b

**City of Encinitas - YTD Report
Activity Report
July 1, 2012 - June 30, 2013**

Page 2

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Current Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Par Value	Ending Balance
				Beginning Balance	Subtotal and Balance						
Federal Agency Callable Securities											
3133EAHM3	1425	Federal Farm Credit		0.350	2,000,000.00	0.350	02/05/2013	0.00		5,000,000.00	
3133EAQL5	1431	Federal Farm Credit		0.540	2,000,000.00	0.540	04/11/2013	0.00		2,000,000.00	
		Subtotal and Balance			7,000,000.00					0.00	
		Issuer Subtotal	4.244%		9,000,000.00					7,000,000.00	
Issuer: Federal Home Loan Bank											
Federal Agency Coupon Securities											
313370JB5	1442	Federal Home Loan Bank		1.750	2,000,000.00	1.750	12/27/2012	2,000,000.00	0.00	0.00	
3133XUPG2	1445	Federal Home Loan Bank		2.875	2,000,000.00	2.875	12/27/2012	2,000,000.00	0.00	0.00	
		Subtotal and Balance			8,000,000.00					4,000,000.00	
Federal Agency Callable Securities											
313383FB2	1451	Federal Home Loan Bank		0.580	2,900,000.00	0.580	06/19/2013	2,900,000.00	0.00	0.00	
		Subtotal and Balance			0.00					2,900,000.00	
Variable Rate Agency Cpn Securities											
313376YU3	1420	Federal Home Loan Bank		1.046	5,000,000.00	1.046	07/23/2012	0.00		5,000,000.00	
		Subtotal and Balance			5,000,000.00					0.00	
		Issuer Subtotal	15.810%		13,000,000.00					6,900,000.00	
Issuer: Federal Home Loan Mortgage											
Federal Agency Coupon Securities											
3134A4ZT4	1440	Federal Home Loan Mortgage		4.750	2,000,000.00	4.750	12/27/2012	2,000,000.00	0.00	0.00	
3137EADQ9	1446	Federal Home Loan Mortgage		0.500	2,000,000.00	0.500	03/28/2013	2,000,000.00	0.00	0.00	
3134G3ZA1	1448	Federal Home Loan Mortgage		0.500	2,000,000.00	0.500	03/28/2013	2,000,000.00	0.00	0.00	
		Subtotal and Balance			5,000,000.00					6,000,000.00	
Federal Agency Callable Securities											
3134G3CE8	1417	Federal Home Loan Mortgage		1.500	15,000,000.00	1.500	12/21/2012	0.00		5,000,000.00	
		Subtotal and Balance			10,000,000.00					0.00	
		Issuer Subtotal	16.977%		15,000,000.00					6,000,000.00	
										5,000,000.00	
										16,000,000.00	

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCI
AC
DA (PRF_DA) 7.2.0
Report Ver. 7.3.3b

10/23/2013

Item #8D

Page 11

City of Encinitas - YTD Report
Activity Report
July 1, 2012 - June 30, 2013

Page 3

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Par Value Ending Balance
Issuer: Federal Nat'l Mortgage Assoc.									
Federal Agency Coupon Securities									
3135G0DW0	1441	Federal Nat'l Mortgage Assoc.		0.625	12/27/2012		2,000,000.00		0.00
3135G0LN1	1444	Federal Nat'l Mortgage Assoc.		0.500	12/27/2012		2,000,000.00		0.00
3135G0ES8	1453	Federal Nat'l Mortgage Assoc.		1.375	06/26/2013		2,000,000.00		0.00
		Subtotal and Balance		5,000,000.00			6,000,000.00		11,000,000.00
Federal Agency Callable Securities									
3135G0RS4	1443	Federal Nat'l Mortgage Assoc.		0.500	12/27/2012		2,000,000.00		0.00
3135G0VR1	1452	Federal Nat'l Mortgage Assoc.		0.500	06/06/2013		2,000,000.00		0.00
		Subtotal and Balance		5,000,000.00			4,000,000.00		9,000,000.00
Variable Rate Agency Cpn Securities									
3136FT4J0	1424	Federal Nat'l Mortgage Assoc.		0.625	09/21/2012		0.00		5,000,000.00
		Subtotal and Balance		5,000,000.00			0.00		5,000,000.00
		Issuer Subtotal	21.22%	15,000,000.00			10,000,000.00		20,000,000.00
Issuer: GE Capital Bank									
Certificates of Deposit - Bank									
36160XY43	1439	GE Capital Bank		1.350	10/26/2012		248,000.00		0.00
		Subtotal and Balance		0.00			248,000.00		248,000.00
		Issuer Subtotal	0.263%	0.00			248,000.00		248,000.00
Issuer: General Electric Capital Corp									
Corporate Medium Term Notes									
		Subtotal and Balance		1,000,000.00					1,000,000.00
		Issuer Subtotal	1.061%	1,000,000.00			0.00		1,000,000.00
Issuer: Goldman Sachs Bank, USA									
Certificates of Deposit - Bank									
38143AP25	1435	Goldman Sachs Bank, USA		1.050	10/24/2012		248,000.00		0.00

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20
Report Ver. 7.3.3b

Portfolio ENCI
AC
DA (PRF_DA) 7.2.0
Report Ver. 7.3.3b

Item #8D
10/23/2013

Page 12

**City of Encinitas - YTD Report
Activity Report
July 1, 2012 - June 30, 2013**

Page 4

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Par Value Ending Balance
		Subtotal and Balance		0.00			248,000.00	0.00	248,000.00
		Issuer Subtotal	0.263%	0.00			248,000.00	0.00	248,000.00

Issuer: CA Local Agency Investment Fund

Local Agency Investment Funds									
SYS1012	1012	CA Local Agency Investment Fund	0.250	18,071,836.98	23,000,000.00				
		Subtotal and Balance	29,312,534.19	18,071,836.98	23,000,000.00				24,384,371.17
		Issuer Subtotal	25.873%	29,312,534.19	18,071,836.98	23,000,000.00			24,384,371.17

Issuer: Scripps BankUS Bank

Passbook/Checking Accounts									
SYS1011	1011	Scripps BankUS Bank	0.00	60,803.48	60,803.48				
		Subtotal and Balance	0.00	60,803.48	60,803.48				0.00
		Issuer Subtotal	0.000%	0.00	60,803.48	60,803.48			0.00

Issuer: Sallie Mae Bank/Murray

Certificates of Deposit - Bank									
795450PZ2	1437	Sallie Mae Bank/Murray	1.350	10/24/2012	248,000.00				
		Subtotal and Balance	0.00		248,000.00				248,000.00
		Issuer Subtotal	0.263%		248,000.00				248,000.00

Issuer: Union Bank Checking Acct.

Passbook/Checking Accounts									
SYS1010	1010	Union Bank Checking Acct.	44,984,865.17	44,984,865.17	51,798,178.95				
		Subtotal and Balance	9,008,149.01		51,798,178.95				2,194,835.23
		Issuer Subtotal	2.329%	9,008,149.01	44,984,865.17	51,798,178.95			2,194,835.23

Issuer: Union Bank Custody Acct.

Money Market Funds	1004	Union Bank Custody Acct.	0.010	28,958,169.55	28,958,169.55				

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCL
AC
DA(PRF_DA) 7.2.0
Report Ver. 7.3.3b

10/23/2013

Item #8D

Page 13

**City of Encinitas - YTD Report
Activity Report
July 1, 2012 - June 30, 2013**

CUSIP	Investment #	Issuer	Percent of Portfolio	Beginning Balance	Current Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Ending Balance
				1,021,741.57			28,179,859.55	28,958,169.55	243,431.57
Subtotal and Balance				1,021,741.57			28,179,859.55	28,958,169.55	243,431.57
Issuer Subtotal	0.258%								
Total	100.000%			102,359,136.98			117,704,083.57	125,817,151.98	94,246,068.57

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20



City of Encinitas - YTD Report
Interest Earnings
Sorted by Security Type - Maturity Date
July 1, 2012 - June 30, 2013
Yield on Beginning Book Value

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Yield	Adjusted Interest Earnings	
									Interest Earned	Amortization/Accretion
Security Type: Local Agency Investment Funds										
SYS1012	1012	001	LAIF	24,384,371.17	29,312,534.19	24,384,371.17		0.250	0.208	60,841.07
			Subtotal	24,384,371.17	29,312,534.19	24,384,371.17		0.208	60,841.07	0.00
Security Type: Managed Pool Accounts										
SYS1003	1003	001	CAMP	10,035,430.60	10,016,712.21	10,035,430.60		0.100	0.175	17,573.21
			Subtotal	10,035,430.60	10,016,712.21	10,035,430.60		0.175	17,573.21	0.00
Security Type: Money Market Funds										
SYS1004	1004	001	UBCUST	243,431.57	1,021,741.57	243,431.57		0.010	0.112	1,143.92
			Subtotal	243,431.57	1,021,741.57	243,431.57		0.112	1,143.92	0.00
Security Type: Certificates of Deposit - Bank										
05668PJA3	1450	001	BMMBNK	248,000.00	0.00	248,000.00	10/13/2015	0.650	0.650	353.32
38143AP25	1435	001	GLDSCH	248,000.00	0.00	248,000.00	10/26/2015	1.050	1.050	1,783.56
02905QV34	1449	001	ALLYBK	248,000.00	0.00	248,000.00	04/11/2016	0.650	0.650	362.15
798450P22	1437	001	SMAEBN	248,000.00	0.00	248,000.00	10/24/2016	1.350	1.350	2,293.15
36160XY43	1439	001	GECBANK	248,000.00	0.00	248,000.00	10/26/2016	1.350	2,274.81	0.00
02587DLV8	1438	001	AMEXCN	248,000.00	0.00	248,000.00	10/25/2017	1.500	1.500	2,537.75
			Subtotal	1,488,000.00	0.00	1,488,000.00		1.220	9,604.74	0.00
Security Type: Federal Agency Coupon Securities										
3134G3BF6	1422	001	FHLMC	5,000,000.00	5,020,233.93	5,006,541.80	12/23/2013	0.625	0.350	31,250.00
3133XWE70	1428	001	FHLB	2,000,000.00	2,084,633.28	2,040,284.31	06/13/2014	2.500	0.364	50,000.00
3133XUPG2	1445	001	FHLB	2,000,000.00	0.00	2,060,032.31	08/25/2014	2.875	0.252	29,388.89
31398A355	1426	001	FNMA	5,000,000.00	5,115,233.22	5,060,062.97	09/08/2014	1.500	0.476	75,000.00
3135G0DW0	1441	001	FNMA	2,000,000.00	0.00	2,009,406.61	10/30/2014	0.625	0.271	6,388.89
3133X9DC1	1423	001	FHLB	2,000,000.00	2,185,578.10	2,107,256.75	11/14/2014	4.500	0.534	90,000.00
31331SPQ0	1430	001	FFCRED	2,000,000.00	2,236,411.20	2,126,872.08	02/17/2015	4.375	0.427	87,500.00
3133XWX95	1427	001	FHLB	2,000,000.00	2,137,508.40	2,076,575.25	03/13/2015	2.750	0.466	55,000.00
			Subtotal	1,488,000.00	0.00	1,488,000.00		1.220	9,604.74	0.00

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCL
AC
IE (PRF_E) 7.2.0
Report Ver. 7.3.3b

**City of Encinitas - YTD Report
Interest Earnings
July 1, 2012 - June 30, 2013**

Page 2

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Book Value	Maturity Date	Current Annualized Yield	Adjusted Interest Earnings		
									Interest Earned	Amortization/Accretion	Adjusted Interest Earnings
Security Type: Federal Agency Coupon Securities											
3135G0LN1	1444	001	FNMA	2,000,000.00	0.00	2,005,178.45	07/02/2015	0.500	0.371	5,111.11	-1,321.55
3134G3ZA1	1448	001	FHLMC	2,000,000.00	0.00	2,007,227.95	08/28/2015	0.500	0.348	2,583.34	-765.38
313370JB5	1442	001	FHLB	2,000,000.00	0.00	2,058,187.47	09/11/2015	1.750	0.411	17,888.88	-13,552.53
313371NW2	1429	001	FHLB	2,000,000.00	2,053,972.06	2,037,435.37	12/11/2015	1.375	0.593	27,500.00	-15,314.47
3134A4ZT4	1440	001	FHLMC	2,000,000.00	0.00	2,219,182.08	01/19/2016	4.750	0.401	48,555.56	-43,931.92
3133ECGT5	1447	001	FFCRED	2,000,000.00	0.00	2,000,286.79	03/01/2016	0.410	0.413	2,118.33	31.79
3137EADQ9	1446	001	FHLMC	2,000,000.00	0.00	2,004,494.93	05/13/2016	0.500	0.417	2,583.34	-405.07
3135G0ES8	1453	001	FNMA	2,000,000.00	0.00	2,027,630.22	11/15/2016	1.375	1.010	381.95	-101.72
			Subtotal	38,000,000.00	20,833,620.19	38,846,914.44		0.424	531,250.29	-413,723.92	117,526.37
Security Type: Federal Agency Callable Securities											
3133EAHM3	1425	001	FFCRED	0.00	4,996,963.94	0.00	03/14/2014	0.350	0.391	10,402.78	1,331.43
3133EAQL5	1431	001	FFCRED	0.00	2,001,260.00	0.00	05/15/2015	0.540	0.539	8,400.00	0.00
3134G3EN6	1418	001	FHLMC	5,000,000.00	5,000,000.00	5,000,000.00	06/30/2015	1.000	1.000	50,000.00	50,000.00
3135G0FS4	1443	001	FNMA	2,000,000.00	0.00	2,003,448.98	11/06/2015	0.500	0.427	5,111.11	-751.02
3135G0VR1	1452	001	FNMA	2,000,000.00	0.00	1,999,338.30	03/28/2016	0.500	0.544	694.44	49.41
313383FB2	1451	001	FHLB	2,900,000.00	0.00	2,900,000.00	12/19/2016	0.580	0.588	560.67	0.00
3134G3CE8	1417	001	FHLMC	0.00	5,000,000.00	0.00	03/21/2016	1.500	1.494	35,416.67	0.00
3136FTQ36	1419	001	FNMA	5,000,000.00	5,000,000.00	5,000,000.00	02/28/2017	1.050	1.050	52,500.00	0.00
			Subtotal	16,900,000.00	21,998,223.94	16,903,387.28		0.901	163,085.67	629.82	163,715.49
Security Type: Variable Rate Agency Cpn Securities											
3136FT4U0	1424	001	FNMA	0.00	5,000,781.25	0.00	03/21/2016	0.625	0.618	6,944.44	0.00
313376YU3	1420	001	FHLB	0.00	5,000,000.00	0.00	02/22/2017	1.046	0.436	1,312.50	0.00
			Subtotal	0.00	10,000,781.25	0.00		0.580	8,256.94	0.00	8,256.94
Security Type: Corporate Medium Term Notes											
36962634N1	1421	001	GECC	1,000,000.00	989,687.75	993,002.40	08/11/2015	1.042	1.449	11,023.03	3,314.65
			Subtotal	1,000,000.00	989,687.75	993,002.40		1.449	11,023.03	3,314.65	14,337.68
			Total	92,051,233.34	94,173,301.10	92,894,537.46		0.439	802,778.87	-409,779.45	392,999.42



**City of Encinitas - YTD Report
Realized Gains and Losses
Sorted By Investment Type**

Sales/Calls/Maturities: July 1, 2012 - June 30, 2013

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

Investment #	Inv. Type	Purchase Date	Par Value	Current Rate	Sale Date	Days Held	Term	Book Value	Maturity/Sale Proceeds	Realized Gain/Loss	Total Earnings	Total Net Earnings	Total Yield 365
Federal Agency Callable Securities													
1417	MC2	12/21/2011	5,000,000.00	1.500	12/21/2012	366		5,000,000.00		0.00	75,000.00	75,000.00	1.496
		Federal Home Loan Mortgage				1,827							
1425	MC2	03/30/2012	5,000,000.00	0.350	02/05/2013	312		4,997,517.59		2,482.41	16,723.98	19,206.39	0.450
		Federal Farm Credit				0.350							
1431	MC2	06/27/2012	2,000,000.00	0.540	04/11/2013	288		2,000,000.00		0.00	8,520.00	8,520.00	0.540
		Federal Farm Credit				0.540							
		Federal Agency Callable Securities Subtotals						11,997,517.59	12,000,000.00	2,482.41	100,243.98	102,726.39	0.901
Variable Rate Agency Cpn Securities													
1420	MC1	02/22/2012	5,000,000.00	1.046	07/23/2012	152		5,000,000.00		0.00	7,291.67	7,291.67	0.350
		Federal Home Loan Bank				1,827							
1424	MC1	03/30/2012	5,000,000.00	0.625	09/21/2012	175		5,000,781.25		5,000,781.25	0.00	14,843.75	14,843.75
		Federal Nat'l Mortgage Assoc.				0.625							
		Variable Rate Agency Cpn Securities Subtotals						10,000,781.25	10,000,781.25	0.00	22,135.42	22,135.42	0.485
		Total Realized Gains/Losses						21,998,298.84	22,000,781.25	2,482.41	122,379.40	124,881.81	0.712

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCI
AC
CG (PRF_CGR1) 1.1
Report Ver. 7.3.3b

Unrealized Gains and Losses
Open Positions through June 30, 2013

Page 1

Investment #	Inv. Type	Purchase Date	Par Value	Maturity Date	Term	Days Held	Book Value	Market Value	Unrealized Gain/Loss	To Date Earnings	To Date Net Earnings	Actual Yield 365
Issuer			Current Rate		Market Date			Market Date				
Certificates of Deposit - Bank												
1450	BCD	04/12/2013	248,000.00	10/13/2015	914	248,000.00	246,844.32	-1,155.68	353.32	-802.36	-1.476	
	BMW Bank North America		0.650		80		06/30/2013					
1435	BCD	10/24/2012	248,000.00	10/26/2015	1,097	248,000.00	248,106.64	106.64	1,783.56	1,890.20	1.113	
	Goldman Sachs Bank, USA		1.050		250		06/30/2013					
1449	BCD	04/10/2013	248,000.00	04/11/2016	1,097	248,000.00	244,790.88	-3,209.12	362.15	-2,846.97	-5.110	
	Ally Bank		0.650		82		06/30/2013					
1437	BCD	10/24/2012	248,000.00	10/24/2016	1,461	248,000.00	248,101.68	101.68	2,293.15	2,394.83	1.410	
	Sailie Mae Bank/Murray		1.350		250		06/30/2013					
1439	BCD	10/26/2012	248,000.00	10/26/2016	1,461	248,000.00	247,208.88	-791.12	2,274.81	1,483.69	0.881	
	GE Capital Bank		1.350		248		06/30/2013					
1438	BCD	10/25/2012	248,000.00	10/25/2017	1,826	248,000.00	248,022.32	22.32	2,537.75	2,560.07	1.513	
	American Express Centurion		1.500		249		06/30/2013					
					Certificates of Deposit - Bank Subtotals		1,488,000.00	1,483,074.72	-4,925.28	9,604.74	4,679.46	-0.278
Federal Agency Coupon Securities												
1422	FAC	03/30/2012	5,000,000.00	12/23/2013	633	5,006,541.80	5,010,650.00	4,108.20	21,996.10	26,104.30	0.416	
	Federal Home Loan Mortgage		0.625		458		06/30/2013					
1428	FAC	06/27/2012	2,000,000.00	06/13/2014	716	2,040,284.31	2,043,160.00	2,875.69	7,679.87	10,555.56	0.512	
	Federal Home Loan Bank		2.500		369		06/30/2013					
1445	FAC	12/27/2012	2,000,000.00	08/25/2014	606	2,060,092.31	2,060,820.00	727.69	2,681.20	3,408.89	0.325	
	Federal Home Loan Bank		2.875		186		06/30/2013					
1426	FAC	03/30/2012	5,000,000.00	09/08/2014	892	5,060,082.07	5,063,600.00	3,537.93	30,520.41	34,058.34	0.536	
	Federal Nat'l Mortgage Assoc.		1.500		458		06/30/2013					
1441	FAC	12/27/2012	2,000,000.00	10/30/2014	672	2,009,406.61	2,008,500.00	-906.61	2,775.50	1,868.89	0.183	
	Federal Nat'l Mortgage Assoc.		0.625		186		06/30/2013					
1423	FAC	03/30/2012	2,000,000.00	11/14/2014	959	2,107,256.75	2,115,540.00	8,283.25	14,630.75	22,914.00	0.867	
	Federal Home Loan Bank		4.500		458		06/30/2013					
1430	FAC	06/27/2012	2,000,000.00	02/17/2015	965	2,126,872.08	2,128,980.00	2,107.92	9,664.30	11,772.22	0.547	
	Federal Farm Credit		4.375		369		06/30/2013					
1427	FAC	06/27/2012	2,000,000.00	03/13/2015	989	2,076,575.25	2,081,380.00	4,804.75	10,986.36	14,871.11	0.708	
	Federal Home Loan Bank		2.750		369		06/30/2013					
1444	FAC	12/27/2012	2,000,000.00	07/02/2015	917	2,005,178.45	2,002,660.00	-2,518.45	3,789.56	1,271.11	0.124	
	Federal Nat'l Mortgage Assoc.		0.500		186		06/30/2013					

Open Positions through June 30, 2001

Unrealized Gains and Losses

Open Positions through June 30, 2013

Open Positions through June 30, 2013

Unrealized Gains and Losses
Passbook/Checking Accounts through June 30, 2013

Page 1

Investment #	Issuer	Inv. Type	Purchase Date	Current Rate	Book Value	Market Value	Market Date
Passbook/Checking Accounts							
1011	Scripps Bank	PA1	07/01/2012		0.00	0.00	
1010	Union Bank	PA1	07/01/2012		2,194,835.23	2,194,835.23	06/30/2013
				Passbook/Checking Accounts	Subtotals	2,194,835.23	2,194,835.23
Local Agency Investment Funds							
1012	CA Local Agency Investment Fund	LA5	07/01/2012	0.250	24,384,371.17	24,384,371.17	06/30/2013
				Local Agency Investment Funds	Subtotals	24,384,371.17	24,384,371.17
Managed Pool Accounts							
1003	CA Asset Management Program	LA1	07/01/2012	0.100	10,035,430.60	10,035,430.60	06/30/2013
				Managed Pool Accounts	Subtotals	10,035,430.60	10,035,430.60
Money Market Funds							
1004	Union Bank	LA3	07/01/2012	0.010	243,431.57	243,431.57	06/30/2013
				Money Market Funds	Subtotals	243,431.57	243,431.57
				Total Portfolio	95,089,372.69	95,019,007.45	



**City of Encinitas - YTD Report
Accrued Interest
Sorted by Security Type - Maturity Date
July 1, 2012 - June 30, 2013**

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

CUSIP	Investment #	Security Type	Par Value	Maturity Date	Current Rate	* Beginning Accrued Interest	Adjusted Acc'd Int. at Purchase During Period	Interest Earned	Interest Received	* Ending Accrued Interest
Local Agency Investment Funds										
SYS1012	1012	LA5	24,384,371.17		0.250	26,035.78	0.00	60,841.07	71,836.98	15,039.87
		Subtotal	24,384,371.17			26,035.78	0.00	60,841.07	71,836.98	15,039.87
Managed Pool Accounts										
SYS1003	1003	LA1	10,035,430.60		0.100	1,958.04	0.00	17,573.21	18,718.39	812.86
		Subtotal	10,035,430.60			1,958.04	0.00	17,573.21	18,718.39	812.86
Money Market Funds										
SYS1004	1004	LA3	243,431.57		0.010	23.44	0.00	1,143.92	1,134.02	33.34
		Subtotal	243,431.57			23.44	0.00	1,143.92	1,134.02	33.34
Certificates of Deposit - Bank										
05668P3A3	1450	BCD	248,000.00	10/13/2015	0.650	0.00	0.00	353.32	0.00	353.32
38143AP25	1435	BCD	248,000.00	10/26/2015	1.050	0.00	0.00	1,783.56	1,298.43	485.13
02005QV34	1449	BCD	248,000.00	04/11/2016	0.650	0.00	0.00	362.15	0.00	362.15
795450P22	1437	BCD	248,000.00	10/24/2016	1.350	0.00	0.00	2,293.15	1,669.41	623.74
36160XY43	1439	BCD	248,000.00	10/26/2016	1.350	0.00	0.00	2,274.81	1,669.41	605.40
02587DLV8	1438	BCD	248,000.00	10/25/2017	1.500	0.00	0.00	2,537.75	1,854.90	682.85
		Subtotal	1,488,000.00			0.00	0.00	9,604.74	6,492.15	3,112.59
Federal Agency Coupon Securities										
3134G3BF6	1422	FAC	5,000,000.00	12/23/2013	0.625	694.44	0.00	31,250.00	31,250.00	694.44
3133XWXE70	1428	FAC	2,000,000.00	06/13/2014	2.500	555.56	0.00	50,000.00	48,055.56	2,500.00
3133XUPG2	1445	FAC	2,000,000.00	08/25/2014	2.875	0.00	0.00	29,388.89	9,263.89	20,125.00
31398A3G5	1426	FAC	5,000,000.00	09/08/2014	1.500	18,958.34	0.00	75,000.00	70,416.67	23,541.67
3135G0DW0	1441	FAC	2,000,000.00	10/30/2014	0.625	0.00	0.00	6,388.89	4,270.83	2,118.06
3133X9DC1	1423	FAC	2,000,000.00	11/14/2014	4.500	11,500.00	0.00	90,000.00	90,000.00	11,500.00
31331SPQ0	1430	FAC	2,000,000.00	02/17/2015	4.375	972.22	0.00	87,500.00	55,902.78	32,569.44
3133WX95	1427	FAC	2,000,000.00	03/13/2015	2.750	611.11	0.00	55,000.00	39,111.11	16,500.00
3135G0LN1	1444	FAC	2,000,000.00	07/02/2015	0.500	0.00	0.00	5,111.11	138.89	4,972.22
3134G3ZA1	1448	FAC	2,000,000.00	08/28/2015	0.500	0.00	0.00	2,583.34	0.00	2,583.34
313370IB5	1442	FAC	2,000,000.00	09/11/2015	1.750	0.00	0.00	17,888.88	7,194.44	10,694.44
313371NW2	1429	FAC	2,000,000.00	12/11/2015	1.375	305.56	0.00	27,500.00	26,277.78	1,527.78
3134AA4Z4	1440	FAC	2,000,000.00	01/19/2016	4.750	0.00	0.00	48,555.56	5,805.56	42,750.00

* Beginning Accrued may not include investments that redeemed in the previous month that had outstanding accrued interest.

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCL
AP
A (PRF_A) 7.2.8
Report Ver. 7.3.3b

10/23/2013

Item #8D

Page 21

City of Encinitas - YTD Report
Accrued Interest
Sorted by Security Type - Maturity Date

Page 2

CUSIP	Investment #	Security Type	Par Value	Maturity Date	Current Rate	* Beginning Accrued Interest	Adjusted Acc'd Int. at Purchase During Period	Interest Earned	Interest Received	* Ending Accrued Interest
Federal Agency Coupon Securities										
3133ECGT5	1447	FAC	2,000,000.00	03/01/2016	0.410	0.00	0.00	2,118.33	0.00	2,118.33
3137EADQ9	1446	FAC	2,000,000.00	05/13/2016	0.500	0.00	0.00	2,583.34	1,250.00	1,333.34
3135G0ES8	1453	FAC	2,000,000.00	11/15/2016	1.375	0.00	0.00	381.95	0.00	381.95
	Subtotal		38,000,000.00			33,597.23	0.00	531,250.29	388,937.51	175,910.01
Federal Agency Callable Securities										
3133EAHM3	1425	MC2	0.00	03/14/2014	0.350	4,423.61	0.00	10,402.78	14,826.39	0.00
3133EAQL5	1431	MC2	0.00	05/15/2015	0.540	120.00	0.00	8,400.00	8,520.00	0.00
3134G3EN6	1418	MC2	5,000,000.00	06/30/2015	1.000	25,138.89	0.00	50,000.00	50,000.00	25,138.89
3135GOR34	1443	MC2	2,000,000.00	11/06/2015	0.500	0.00	0.00	5,111.11	3,583.33	1,527.78
3135GOVR1	1452	MC2	2,000,000.00	03/28/2016	0.500	0.00	0.00	694.44	0.00	694.44
31338SFB2	1451	MC2	2,900,000.00	12/19/2016	0.580	0.00	0.00	560.67	0.00	560.67
3134G3CE8	1417	MC2	0.00	12/21/2016	1.500	2,083.33	0.00	35,416.67	37,500.00	0.00
3136FTQ36	1419	MC2	5,000,000.00	02/28/2017	1.050	17,937.50	0.00	52,500.00	52,500.00	17,937.50
	Subtotal		16,900,000.00			49,703.33	0.00	163,085.67	166,929.72	45,859.28
Variable Rate Agency Cpn Securities										
3136FT4U0	1424	MC1	0.00	03/21/2016	0.625	7,899.31	0.00	6,944.44	14,843.75	0.00
313376YU3	1420	MC1	0.00	02/22/2017	1.046	562.50	0.00	1,312.50	1,875.00	0.00
	Subtotal		0.00			8,461.81	0.00	8,266.94	16,718.75	0.00
Corporate Medium Term Notes										
36962G4N1	1421	MTN	1,000,000.00	08/11/2015	1.042	1,690.07	0.00	11,023.03	11,265.88	1,447.22
	Subtotal		1,000,000.00			1,690.07	0.00	11,023.03	11,265.88	1,447.22
	Total		92,051,233.34			121,469.70	0.00	802,778.87	682,033.40	242,215.17

* Beginning Accrued may not include investments that redeemed in the previous month that had outstanding accrued interest.

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCI
AP
All (PRF_AP) 7.2.8
Report Ver. 7.3.3b

10/23/2013

Item #8D

Page 22



**City of Encinitas - YTD Report
Purchases Report
Sorted by Security Type - Purchase Date
July 1, 2012 - June 30, 2013**

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

CUSIP	Investment #	Fund	Sec. Type Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase Purchase	Maturity Date	YTM	Ending Book Value
SYS1011	1011	001	PA1 SCRIPP	12,611.60	07/01/2012	07/15 - Monthly	12,611.60	0.00			0.00
			Subtotal	12,611.60			12,611.60	0.00			0.00
Certificates of Deposit - Bank											
38143AP25	1435	001	BCD GLDSCH	248,000.00	10/24/2012	04/24 - 10/24	248,000.00	1,050	10/26/2015	1.050	248,000.00
795450P22	1437	001	BCD SMAEBN	248,000.00	10/24/2012	04/24 - 10/24	248,000.00	1,350	10/24/2016	1.350	248,000.00
02587DLV8	1438	001	BCD AMEXCN	248,000.00	10/25/2012	04/25 - 10/25	248,000.00	1,500	10/25/2017	1.500	248,000.00
36160XY43	1439	001	BCD GECBNK	248,000.00	10/26/2012	04/26 - 10/26	248,000.00	1,350	10/26/2016	1.350	248,000.00
02005QV34	1449	001	BCD ALLYBK	248,000.00	04/10/2013	10/10 - 04/10	248,000.00	0,650	04/11/2016	0,650	248,000.00
05568P3A3	1450	001	BCD BMWBNK	248,000.00	04/12/2013	10/12 - 04/12	248,000.00	0,650	10/13/2015	0,650	248,000.00
			Subtotal	1,488,000.00			1,488,000.00	0.00			1,488,000.00
Federal Agency Coupon Securities											
3133700B5	1442	001	FAC FHLB	2,000,000.00	12/27/2012	03/11 - 09/11	2,071,740.00	1,750	09/11/2015	0.415	2,058,187.47
3133XUPG2	1445	001	FAC FHLB	2,000,000.00	12/27/2012	02/25 - 08/25	2,086,800.00	2,875	08/25/2014	0.255	2,060,092.31
3134A42T4	1440	001	FAC FHLMC	2,000,000.00	12/27/2012	01/19 - 07/19	2,283,114.00	4,750	01/19/2016	0.420	2,219,182.08
3135G0DW0	1441	001	FAC FNMA	2,000,000.00	12/27/2012	04/30 - 10/30	2,013,020.00	625	10/30/2014	0.270	2,009,406.61
3135G0LN1	1444	001	FAC FNMA	2,000,000.00	12/27/2012	01/02 - 07/02	2,006,500.00	500	07/02/2015	0.370	2,005,178.45
3133ECGT5	1447	001	FAC FFCRED	2,000,000.00	03/28/2013	09/01 - 03/01	1,999,640.00	615.00	04/10/2016	0.416	2,000,286.79
3137EADQ9	1446	001	FAC FHLMC	2,000,000.00	03/28/2013	05/13 - 11/13	2,004,900.00	500	05/13/2016	0.421	2,004,494.93
3134G3Z41	1448	001	FAC FHLMC	2,000,000.00	03/28/2013	08/28 - 02/28	2,007,160.00	833.33	08/28/2015	0.351	2,007,227.95
3135G0EES3	1453	001	FAC FNMA	2,000,000.00	06/26/2013	11/15 - 05/15	2,024,800.00	3,131.94	11/15/2016	1.002	2,027,830.22
			Subtotal	18,000,000.00			18,477,674.00	4,580.27			18,391,886.81
Federal Agency Callable Securities											
3135G0RS4	1443	001	MC2 FNMA	2,000,000.00	12/27/2012	05/06 - 11/06	2,004,200.00	Received	0.500	11/06/2015	0.426
3135G0VR1	1452	001	MC2 FNMA	2,000,000.00	06/06/2013	09/28 - 03/28	1,998,000.00	1,888.89	0.500	03/28/2016	0.536
313383FB2	1451	001	MC2 FHLB	2,900,000.00	06/19/2013	12/19 - 06/19	2,900,000.00	0,580	12/19/2016	0.580	2,900,000.00
			Subtotal	6,900,000.00			6,902,200.00	1,888.89			6,903,387.28
			Total Purchases	26,400,611.60			26,880,485.60	6,469.16			26,783,274.9

Received = Accrued Interest at Purchase was received by report ending date.

Data Updated: SET_ANNU: 08/13/2013 16:19
Run Date: 08/13/2013 - 16:20

Portfolio ENCL AP
PU(PRF_PU) 7.1.1
Report Ver. 7.3.3b

CITY OF ENCINITAS
INVESTMENT OF BOND PROCEEDS
For the Fiscal Year ended June 30, 2013

GOVERNMENTAL FUNDS	TRUSTEE CASH & INVESTMENTS	Yield	Maturity Date	Market Value	FY 2012-13	
					Income	Budget
ENCINITAS PUBLIC FINANCING AUTHORITY						
1997 CERTIFICATES OF PARTICIPATION (CIVIC CENTER)						
Bond Fund	Blackrock Money Market Fund	0.01%	1 day	\$ 1		
Reserve Fund	Guaranteed Investment Contract	5.97%	12/1/2016	\$ 619,500		
				\$ 619,501		
2006 LEASE REVENUE BONDS (PUBLIC LIBRARY)						
Bond Fund	Blackrock Money Market Fund	0.01%	1 day	\$ 24		
Interest Account	Federated Prime Cash Money Market Fund	0.04%	1 day			
Reserve Fund	Federated Prime Cash Money Market Fund	0.04%	1 day	\$ 568,553		
				\$ 568,577		
2010 LEASE REVENUE BONDS (COMM PARK ACQUISITION)						
Bond Fund	Blackrock Money Market Fund	0.01%	1 day	\$ 5		
Reserve Fund	Federated Prime Cash Money Market Fund	0.04%	1 day	\$ 1,411,869		
				\$ 1,411,874		
2013 LEASE REVENUE BONDS (COMM PARK DEVELOPMENT)						
Bond Fund	Blackrock Money Market Fund	0.01%	1 day	\$ -		
Reserve Fund	(not applicable)					
Cost of Issuance Fund	Blackrock Money Market Fund	0.01%	1 day	\$ 12,551		
Project Fund	Blackrock Money Market Fund	0.01%	1 day	\$ 7,996,400		
				\$ 8,008,951		
ENCINITAS PUBLIC FINANCING AUTHORITY (TOTALS)	(A)			\$ 10,608,903	\$ 14,085	\$ 40,000
CITY OF ENCINITAS / ASSOCIATION OF BAY AREA GOVERNMENTS (ABAG)						
2002 LEASE REVENUE BONDS (ABAG FUNDING)						
Bond Fund	Wells Fargo Money Market Fund	0.01%	1 day	\$ 217		
Interest Pymt Fund	Wells Fargo Money Market Fund	0.01%	1 day	\$ 30,167		
Principal Pymt Fund	Wells Fargo Money Market Fund	0.01%	1 day	\$ 240,000		
Reserve Fund	Wells Fargo Money Market Fund	0.01%	1 day	\$ 216,013		
				\$ 486,397	\$ 4,601	\$ 4,000
TOTALS FOR GOVERNMENTAL FUNDS	(A) + (B)			\$ 11,095,300	\$ 18,686	\$ 44,000
ENTERPRISE FUNDS						
ENTERPRISE FUNDS	TRUSTEE CASH & INVESTMENTS	Yield	Maturity Date	Market Value	FY 2012-13	
					Income	Budget
SAN DIEGUITO WATER DISTRICT						
2004 WATER REVENUE BONDS						
Bond Fund	Blackrock Money Market Fund	0.01%	1 day	\$ 2		
Reserve Fund	Blackrock Money Market Fund	0.01%	1 day	\$ 695		
Reserve Fund	Federated Prime Cash Money Market Fund	0.04%	1 day	\$ 1,039,500		
				TOTAL	\$ 1,040,197	\$ 2,325
TOTALS FOR ENTERPRISE FUNDS	(C)			\$ 1,040,197	\$ 2,325	\$ 0
TOTAL TRUSTEE CASH & INVESTMENTS (A) + (B) + (C)				\$ 12,135,497	\$ 21,011	\$ 44,000

Investment Update

June 30, 2013

INTRODUCTION

As we end fiscal year 2012-2013, management of municipal funds remains extremely challenging. The average available rate of return on investments considered safe and prudent for municipalities has remained below 1.00% for five years, as represented by the City *performance benchmark*, the one-year constant maturity U.S. Treasury bill. The average rates for the last seven years are listed below for reference:

Table 1
Average Treasury rate by fiscal year

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
5.00%	3.08%	1.05%	0.38%	0.25%	0.10%	0.15%

To provide a framework for analysis and comparison of these rates to historical averages, the average rate on the one-year T-bill over the last 50 years (prior to 2007) was approximately 5.50%, with higher rates prevailing in the earlier years. The City of Encinitas portfolio earned 4.6% over the 15 years preceding 2007.

Although interest rates are certain to rise in coming years, it is also clear that the historical norms have shifted. It is quite possible that rates will remain historically low for several years or more, and it is uncertain when, or if, they will return to the historical norms. Below we will discuss some of the reasons why this scenario is likely.

FACTORS INFLUENCING THE FINANCIAL MARKETS

Continuing Weak U.S. Economy

The U.S. Economy suffered the worst recession in 2008-2009 since the Great Depression of the 1930's. Unemployment went to over 10% compared to the norm of about 4% to 5%. The Recession was also accompanied by a financial crisis, mainly driven by what is now being referred to as the "housing bubble." The so-called recovery from the Recession has been quite weak compared to other historical events, with growth averaging below 2% and unemployment remaining above 7%. Conditions for small businesses have been particularly difficult.

It is a natural occurrence for interest rates to decline during an economic downturn, primarily because demand for credit goes down from both businesses and individuals, forcing rates lower.

U. S. Federal Reserve Monetary Policy

It is the job of the U.S. Federal Reserve (the “Fed”) to set fiscal and monetary policies which will: (1) maintain employment at acceptable levels and (2) maintain inflation within stated goals. But, they are also concerned about the financial health of the banking system, and indeed, all facets of our financing system.

To combat the negative effects of the 2008 financial crisis and the ensuing recession, the Fed lowered its target rate for short-term interest rates (via the system where banks borrow from each other overnight) dramatically. This rate eventually dropped to 0.00% to 0.25%. This move was unprecedented in scope, and in the past this type of move caused the U.S. economy to pick up speed quickly and return to a very healthy growth rate of 4% to 5% GDP within a reasonable period. Not so this time around. The economy pulled out of the recession (negative GDP for two consecutive quarters) but its return to growth remains disappointing.

The U.S. Government tried several different approaches, including the fiscal stimulus package of about \$900 million in 2009-2010 and several congressional bills to create new jobs. None of these efforts had any measurable effect in improving the economy.

The Fed next turned to a new program referred to as “quantitative easing,” which is technically defined as the Fed buying U.S. Treasury and Agency securities on the open market, thus increasing the money in private hands. In reality, it amounts to printing money, the purpose being to increase consumer spending. Consumer spending now makes up over 70% of U.S. economic activity, as the United States has slowly shifted from a manufacturing to a service-oriented economy. There have been three (3) rounds of quantitative easing thus far, totaling over \$3 trillion. Again, there has been no measurable effect on economic growth from any of these efforts.

There are, of course, many other factors that affect the economy and the prevailing levels of interest rates. But, based on the above factors, and their failure to stimulate a healthy level of economic activity, it is likely that interest rates will remain historically low for the next several years. We also know that the U.S. Government wants rates to remain low, since U.S. borrowing has hit record levels. The National Debt has gone from about \$9 trillion in 2008 to close to \$16 trillion today. Any increase in interest rates will increase the interest payments the US has to make on its accumulated debt, causing larger budget deficits.

Eventually, we know that interest rates will rise because of the return of inflation. By definition, inflation is a situation where a larger supply of currency (in this case, dollars) is chasing the same pool of goods and services. The Fed has set a target of 2% per year for inflation (although their methods of measuring and evaluating price levels are questioned by many experts.) By creating an inflation rate of 2% per year, the U.S Treasury is able to repay its debts in “cheaper dollars.” In fact, the average borrowing rate on US debt today is just a bit above 2%, so the Treasury is essentially borrowing money at no net cost. This situation cannot continue indefinitely.

SHORT AND LONGER-TERM OUTLOOK

The macroeconomic outlook for the next three to six months is for a continuation of current Fed policies. The appointment of Janet Yellen as the new Fed Chairman, to replace Ben Bernanke who is retiring, pretty much assures that there will not be any major shifts in Policy in the short-term. However, Ms. Yellen has indicated that she supports a continuation of the accommodative monetary policies now in place, and perhaps further steps to stimulate the economy. This expectation makes it more likely than not that interest rates will remain low for the foreseeable future.

However, other events could intrude on this somewhat "rosy" scenario. In particular, if the U.S. Federal Government were to remain shutdown for more than just a temporary period, the economic impacts could be quite dramatic and scenarios could change very quickly and significantly. In addition, any default by the U.S. Government on its sovereign debt commitments (even a technical default) would likely result in serious ramifications for all financial markets, even on a global basis. While the experts judge this event to be highly unlikely, the possibility does exist, and even the anticipation of such an event could cause serious disruptions to financial markets.

We are keeping a close watch on all events that could have an impact on the Investment Program, and stand ready to make adjustments as necessary to protect the public's monies.